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A STUDY ON EQUITY ANALYSIS AT INDIA INFOLINE LIMITED

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Abstract

This abstract provides an overview of equity analysis, covering its major components and significance in investment decision-making. The abstract begins by defining equity analysis and emphasizes its purpose of estimating the intrinsic worth of a company's shares. It emphasizes the significance of stock research in learning about a company's financial health, growth potential, and overall investment attractiveness. The abstract also digs into the fundamentals of equity analysis. Financial statement analysis is the process of assessing a company's income statement, balance sheet, and cash flow statement to determine profitability, liquidity, solvency, and operational efficiency. The abstract also discusses ratio analysis, which can be used to analyze and compare various financial performance indicators to industry benchmarks.

Key words: Equity Analysis, Profitability, Liquidity, Investment, Stocks, Financial Statements.

INTRODUCTION

As a nation, India is on the upswing. The Indian economy is expanding. The potential for large gains with less taxable income has piqued the imagination of many potential investors in the stock market in particular. Stock has always been a vital means of financing for the business. Many people, ever since the concept of stocks was first conceived,

have expressed an interest in entering the stock market. Day traders and short-term investors may still be able to get meaningful support despite widespread skepticism and the growing difficulty of navigating the stock market. Researching various sectors and firms to provide investment advice to retail investors and portfolio managers.

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Shares are sold by brokers to buyers, the majority of whom are individual individuals and investment firms. Buy-side professionals are employed by asset management firms. Our online course, Essentials of Companies, Funding, and the Capital Markets, will help you get through the language barrier. This course will introduce students to the fundamentals of financial markets and instruments, including the structure and operation of capital markets, the roles of important market participants, the mechanisms through which enterprises may gain access to capital markets, and the meaning of a publicly traded status for a corporation. The value of an investment can reveal an understanding. It's the agreed-upon sum between a buyer and a seller. The bulk of an investor's decision to buy or sell is based on his expectations. The proprietor will purchase the investment if he anticipates a price increase. He'll undoubtedly unload it if he doesn't anticipate a price increase. Predicting the price of a security is notoriously difficult due to these fundamental ideas, which are about what people expect. What people want is elusive and difficult to quantify, as we all know from first-hand experience. Knowing what other investors anticipate

the price to be is more significant than knowing what the price actually is when prices are established by investor expectations. This is known as fundamental analysis, yet it still helps to have an idea of what a security's fair market value is. However, the typical investor will not overlook a firm with a reasonably high consensus earnings forecast.

TECHNIQUES OF EQUITY ANALYSIS

Multiple approaches are used in equity analysis to determine the value and performance of a company's stock.

Financial Statement Analysis:

This technique is used to analyze a company's financial statements (balance sheet, income statement, and cash flow statement). Determine the company's profitability, liquidity, adaptability, and debt load with this tool. Ratio analysis, trend analysis, common-size analysis, and variation analysis are all necessary methods for analyzing financial statements.

Valuation Techniques:

Stock analysts employ many techniques to determine the true value of a company's stock. Numerous examples of regular valuation can be found.

Discounted Cash Flow (DCF) Analysis:

Stock analysts employ many techniques to determine the true value of a company's stock. Numerous examples of regular valuation can be found.

Comparable Company Analysis (CCA):

The future cash flows of a corporation are projected and discounted to their present value using an appropriate discount rate.

Dividend Discount Model (DDM):

Financial metrics are compared to those of other businesses in the same industry or sector to get a sense of how the company is doing.

Price-to-Earnings (P/E) Ratio:

A stock's worth is calculated using this method when past dividends are discounted to the present.

Risk Assessment:

Risks associated with investing in equities are examined by stock analysts. The company evaluates market, competitive, regulatory, industry, and company-specific risks. Scenario analysis, sensitivity analysis, stress testing, and a qualitative examination of risk factors are all ways to evaluate potential danger.

Management Assessment:

The effectiveness of the company's management should be evaluated as part of the equity review. Considerations such as management's track record, the process by which strategic decisions are made, the

effectiveness of corporate governance, the quality of communication with shareholders, and the degree to which all parties' interests are represented must be taken into account.

Environmental, Social, and Governance (ESG) Analysis:

The incorporation of ESG considerations into stock analysis is gaining traction. Business governance, social responsibility, and environmental impact are just some of the topics examined in this type of audit. The purpose of ESG analysis is to assess the sustainability, profitability, and risk management of an organization over the long term.

Technical Analysis:

This strategy analyzes stock prices and trading volumes in the past to predict future movements. Technical indicators such as charts, trendlines, moving averages, and others are used by technical analysts to make short-term trading decisions.

Knowing that equity research typically employs multiple methods to provide a comprehensive picture of a company's equity and aid investors in making sound decisions is crucial. The analyst's personal preferences, the availability of relevant data, and the nature of the investment all play a role in determining the optimal

approach.

RIGHTS OF COMMON SHARE HOLDERS:

Rights of income:

If the firm fails to meet its written obligations to pay interest and principal, as well as make payments to creditors, the creditors may seek judicial intervention to compel the corporation to make the necessary payments.

However, regular shareholders can file a lawsuit against a business if it fails to distribute profits to them. Unless there was dishonesty on the part of management or the board of directors, shareholders have no legal recourse with respect to dividend payments from the corporation.

Voting rights:

The shareholders of a company's common stock get to vote for the board of directors. In large corporations, shareholders choose the board of directors and so have limited direct influence on the business. The board selects the management team, and that team is responsible for running the company. If a company is a sole proprietorship, a partnership, or a relatively small corporation, its owners typically have broad discretion over day-to-day operations.

Proxies and proxy contests:

Each share of common stock a member owns is equivalent to one vote. Physical and

financial difficulties prevent most shareholders from attending annual meetings. This is why proxies, which are legal papers that allow owners to delegate voting power to someone else, are so popular among shareholders.

NEED FOR THE STUDY

- A company needs access to capital in order to launch. This research raise capital by either selling stock or taking out a loan from a financial institution. The ultimate responsibility for debt and interest falls on the company's owners.
- A share of stock is a small proportion of a company's total capital. Stock is a type of ownership interest in a corporation. Owning more shares of a firm indicates a greater stake in its success. Profits from a company are distributed to its shareholders in proportion to the number of shares each investor owns. Money management authority is referred to as equity.
- This study's primary goal is to raise capital from investors by offering stock or shares in exchange for payment of dividends. Owning additional shares will increase your dividend payouts.
- The goal of equity research is to better inform investors and traders. Markets

function best when participants are fully informed. Stocks will be overvalued or undervalued if investors aren't adequately informed. This helps the market function more smoothly by filling in information gaps, reducing the need for individual investors to conduct their own stock research.

SCOPE OF THE STUDY

Equity in a home is defined as the monetary surplus over the outstanding mortgage balance. Investing in privately held companies through private equity. For accounting purposes, the term partner equity in income is used to refer to ownership interests in businesses run by partners, whether those businesses are consolidated or not. The value of a shareholder's share of a corporation is an example of equity in a business context. An equity researcher investigates firms and/or industries that are open to the public and provides financial data to fund managers. The analyst can operate on the buy or sell side of the market.

OBJECTIVE OF THE STUDY

- To know the changes in market capitalization of NSE and BSE.
- To know the Rights of common shareholders.

- To comprehend the techniques of Equity Analysis.
- To examine the values of open, high, low, and close of price of SENSEX and NIFTY.

RESEARCH METHODOLOGY

- In order to efficiently and effectively diagnose a problem or respond to an opportunity while keeping expenditures to a minimum and achieving the level of precision required to achieve a predefined result, researchers employ a technique known as research design or research methodology.
- Research procedures used so that the project may be completed successfully and its objectives met.
- To collect secondary data, we took a random sample of stocks. Each stock is selected independently, without favoritism. Stocks are selected for investment purposes in light of the car industry.
- Primary and secondary sources are utilized interchangeably for acquiring information.
- **Primary Collection Methods:**
- This approach considers data collected via talks with verified clerks and Exchange participants.
- **Secondary Collection Methods:**
- Secondary sources include the books published by the NSE and HSE, as

well as the seminars given by the Director of Market Operations, EDP, and others.

LIMITATIONS OF THE STUDY:

- This research was conducted primarily for the purpose of educating investors about equities analysis.
- This research focuses solely on product-producing businesses.
- The topic could not be investigated thoroughly because of the project's constraints.
- Conclusions and recommendations are drawn from the scant data available over the past five years.

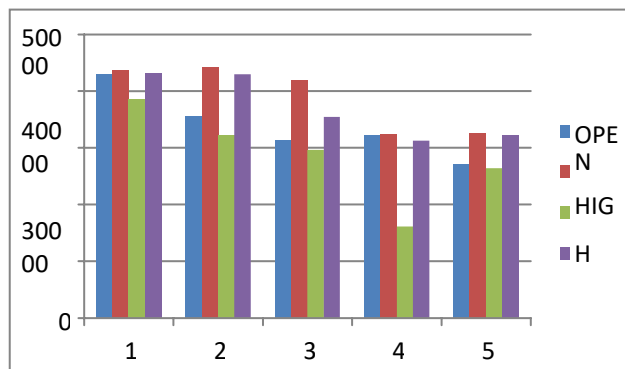
DATA ANALYSIS AND INTERPRETATION

IIFL Finance BSE: 532636-NSE: IIFL-ISIN: INE530B01024

NSE

Period High : 874.00				
Period Low : 58.15				
Change in market-cap : -32.79%				
Date	Open	High	Low	Close
2023	482	538	408.05	450.3
2022	280	519.95	269.4	481.2
2021	113.85	374.9	103.75	279.4
2020	140.1	212.9	58.15	113.75
2019	505	510	98.8	140.05

Tabular representation of Market capitalization of NSE

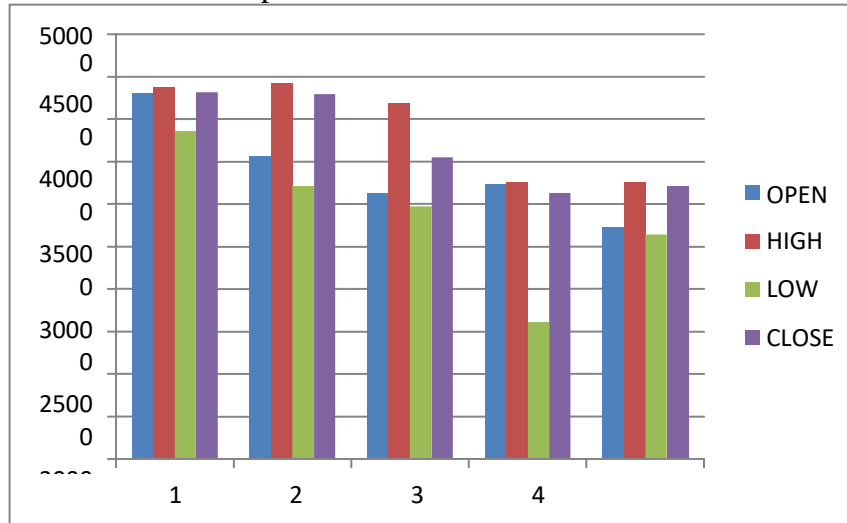


Graphical representation of Market capitalization of NSE

S&P BSE SENSEX:

Period High : 63583.07				
Period Low : 25638.90				
Date	Open	High	Low	Close
2023	60871.24	62027.51	57084.91	61761.33
2022	58310.09	63583.07	50921.22	60840.74
2021	47785.28	62245.43	46160.46	58253.82
2020	41349.36	47896.97	25638.9	47751.33
2019	36161.8	41809.96	35287.16	41253.74

Tabularrepresentationof S&P BSE SENSEX

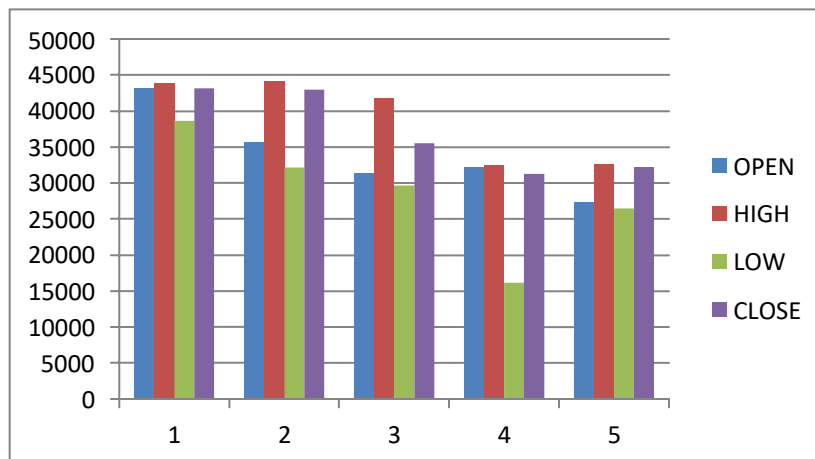


Graphical representationof S&P BSE SENSEX

CNX NIFTY:

Period High : 18887.60				
Period Low : 7511.10				
Date	Open	High	Low	Close
2023	18131.7	18344.2	16828.35	18265.95
2022	17387.15	18887.6	15183.4	18105.3
2021	13996.1	18604.45	13596.75	17354.05
2020	12202.15	14024.85	7511.1	13981.75
2019	10881.7	12293.9	10583.65	12168.45

Tabularrepresentationof CNX NIFTY

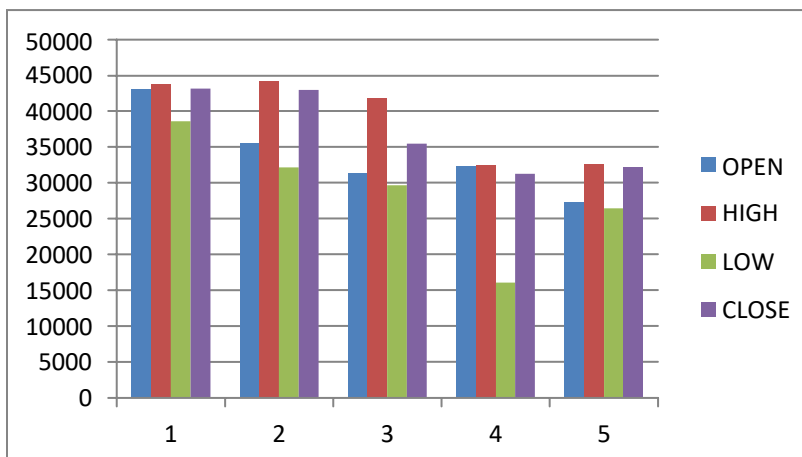


Graphical representation of CNX NIFTY

BANK NIFTY:

Period High : 44151.80				
Period Low : 16116.25				
Date	Open	High	Low	Close
2023	43038.25	43739.8	38613.15	43198.15
2022	35585.2	44151.8	32155.35	42986.45
2021	31297.3	41829.6	29687.7	35481.7
2020	32237.9	32465.45	16116.25	31264.05
2019	27231.4	32613.1	26441.55	32161.65

Tabular representation of BANK NIFTY



Graphical representation of BANK NIFTY

FINDINGS

➤ In the preceding table, we can see the NSE throughout the course of the last five years. Between 2019 and 2023, this data remains accurate. The table contains the opening price, closing price, high, and low. In 2023 and 2022,

the sum total is highest, while in 2020, it is lowest.

➤ The frequency with which BSE has occurred during the past five years is detailed in the table above. Between 2019 and 2023, this data remains accurate. The table contains the

opening

price, closing price, high, and low. In 2023 and 2022, the total value will be highest, while in 2019, it will be lowest.

- The S&PSENSEX data presented in the table above spans the years 2019 through 2023. In the tables, This research see the daily high, low, and close values. Money is highest in 2023 and 2022, and lowest in 2019 and 2020.
- The aforementioned table provides a five-year history of CNX NITTY data, covering the years 2019 through 2023. In the tables, This research see the daily high, low, and close values. The years 2023 and 2022 bring in the greatest cash, while the years 2020 and 2019 bring in the least.
- The last five years of the Bankl Nitty are shown in the table above, starting in 2019 and ending in 2023. In the tables, This research see the daily high, low, and close values. In 2023, we see both the highest and lowest totals, followed by 2022 and 2019.

SUGGESTIONS

- Buyers' rights and responsibilities should be taught via the exchange, in my opinion. I have stressed to trade

officials the importance of boosting investor confidence.

- I believe market regulators should use caution to prevent extreme price swings.
- Exchange officials need to be more vigilant in preventing speculation because actual investors aren't interested in making money that way because their investments are tied to future profits. Price swings caused by speculation are dramatic, but they don't attract many actual purchasers. The exchange must take appropriate action to resolve any issues that may arise with the online trading platform.

CONCLUSIONS

- The Interconnected Stock Exchange's in-depth look at financial instruments, with an emphasis on dematerialization's advantages, was quite informative.
- Share, derivatives market, and capital instrument settlements have proved beneficial to issuers, investors, and the economy as a whole.
- Repository systems have eliminated the requirement to establish a repository for paper-based trading, which has not only sped up the sending and settling of securities but also increased the liquidity available to

security holders.

- It is now difficult for the capital market to function poorly or inefficiently due to the prevalence of online trading and settlement technologies.
- By decreasing the typical transaction completion time from T+5 to T+3, this method has proven its efficacy.
- It is promising news for the demat and capital market instruments systems that the payment would be completed in the next T+2 days.
- Indices and their derivatives have been traded in India for quite some time.
- Due to its modest transaction volume, it has actively struggled to acquire traction.
- The acceptance of derivative trading among investors in the financial markets occurred quietly.
- There are a number of obstacles that prevent the development of India's derivative markets.
- The two most crucial ones are the high costs of doing business and the absence of clear advice on tax issues.

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